

INSTABILITY OF MANAGEMENT DECISIONS IN THE MERCHANT SHIPPING SYSTEM

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Abstract. One of the functions of development and positioning of any business structures is the maximization of monetary flow. This process, as is known, is traditionally based on maximizing the output of products and services on the corresponding state of capital assets. Therefore, the management system retains the priority of effective investment and achievement of competitive sustainability in the segment of functional activities. This is what becomes problematic due to the solution of this problem by many participants in this case of the maritime trade market. As a result, the conditions of operator activity are constantly changing due to the manifestation of the effect of the consumer profitability factor. However, after the next restoration of the balance between supply and demand (freight traffic and deadweight of the fleet) and the corresponding level of tariff characteristics, the market again loses its equilibrium state. This cyclicity actually necessitates periodic re-evaluation of the standards of operators' behavior.

The problem of entrepreneurial activity in merchant shipping remains the choice of the limit of liability in the presence of systemic and non-systemic risks of operator and investment activities.

The development of original shipping projects focused on the optimization of transport and economic relations according to the criteria of systemic sustainability and efficiency allows, on the basis of innovative technical and economic parameters of ships of a specialized fleet, to obtain, in addition to entrepreneurial, a significant synergistic effect.

Keywords: management decisions, merchant shipping, ship, freight, risks

INTRODUCTION

The dynamics of changes in external factors in the formation of merchant shipping with the priority of competitive positions on the part of leading operators predetermines the tasks of constant refinement of management decisions. The instability of the nature of foreign economic factors in the formation of parameters for the development of the maritime trade market, the strengthening of regulatory approaches of the main maritime organizations predetermine the tasks and problems of achieving a balance in the development of individual subsystems of national economies. A special place in this regard is occupied by the country's maritime economic complex. The current state of merchant shipping does not meet the criteria of systemic security, therefore, an imbalance is formed in the balance of payments.

When developing a mechanism for implementing the chosen concept for the merchant fleet development, the system of strategic management does not actually reflect the need to use the three main categories of income from operator activities (Primacheva 2019). A special approach in the context of the stagnation of the maritime transport industry requires support for efforts to optimize active income. This is predetermined by the actual absence of portfolio income in the form of investment savings in the system of the country's maritime transport industry.

In turn, the non-competitiveness of the capital assets of the maritime transport industry does not provide the necessary formation of passive income.

The aforementioned predetermines the search for an effective solution in the field of adequate development of the shipping complex of the maritime transport industry.

1. The problem of the rate of return and the level of freight rates is one of the complex issues of effective investment activity due to the variety and temporal uncertainty of the manifestation of factors. However, a number of studies (Kolegaev 2017) reveal the factors of the greatest influence on the dynamics of the parameters of the transport services market. In this regard, the situation in the world financial markets stands out. Inflationary processes have a decisive influence on the level of costs, and, consequently, on the dynamics of freight (tariff rates) and the volume of foreign trade turnover. After the emergence of such a situation, the process of reducing investment activity in the orders of the fleet and shipbuilding begins.

This condition predetermines the formation of property and the peculiarities of its management in merchant shipping. When justifying the mechanism for the sustainable functioning of national carriers in intermodal transportation, it should be considered that public transport enterprises set tariffs and organizational systems for managing resources and results. Accordingly, pricing for transport services in intermodal communications is based on the principles of the implementation of public services, on the openness of the tariff basis.

Intermodal communications are created on the basis of existing branch transport structures. Therefore, an operator aimed at organizing multimodal transport technologies should focus on an alternative option for the route of cargo transportation. In this regard, the informational results of the research should be noted.

In the context of the globalization of the maritime trade market and the activities of the International Maritime Organization, fairly transparent conditions are being formed for achieving the goals of the owner structures. In the system of cargo traffic management, the determining factor is the stability of the tariff. The level of the tariff, as the main parameter of market balance, should ensure both the entrepreneurial efficiency of the functional activities of transport enterprises and the reality of the size of the transport component of the price of the goods. However, the rigid volatility of price characteristics remains a regularity of maritime transport technologies. Therefore, it is important to consider the technical and economic advantages of the fleet as a risk reduction factor and focus on modern integration technologies.

In accordance with this, the main goal of this study is to consider the instability of managerial decision-making in the merchant fleet system according to various functioning criteria and the conditions for making effective managerial decisions in the global freight market.

2. The advantage of intermodal communication for shippers is that they are exempted from additional contacts with participants in the transportation process. The role of the shipper is to provide certain information. The main thing is the provision by the consignor of certain requirements related to the preparation of goods for transportation. An important condition is the availability of information on the principles and tariff advantages of transporting a particular consignment.

The solution of this problem ensures the optimization of the directions for the formation of the transport infrastructure and individual business structures. The carrying capacity of the fleet of potential participants in intermodal communications is compared with the data on the achieved traffic volume. In addition, not only the growth rate of parameters for the billing period should be assessed, but the risks of the situation deviating from a stable trend should be considered. An important stage of development is the substantiation of the main operational and

economic indicators and the fleet carrying capacity according to the innovative technologies criteria. It becomes fundamental to make managerial decisions and the need to determine the financing sources for investment projects according to the alternative implementation and effective use in this case of the company's capital assets (Fig. 1).

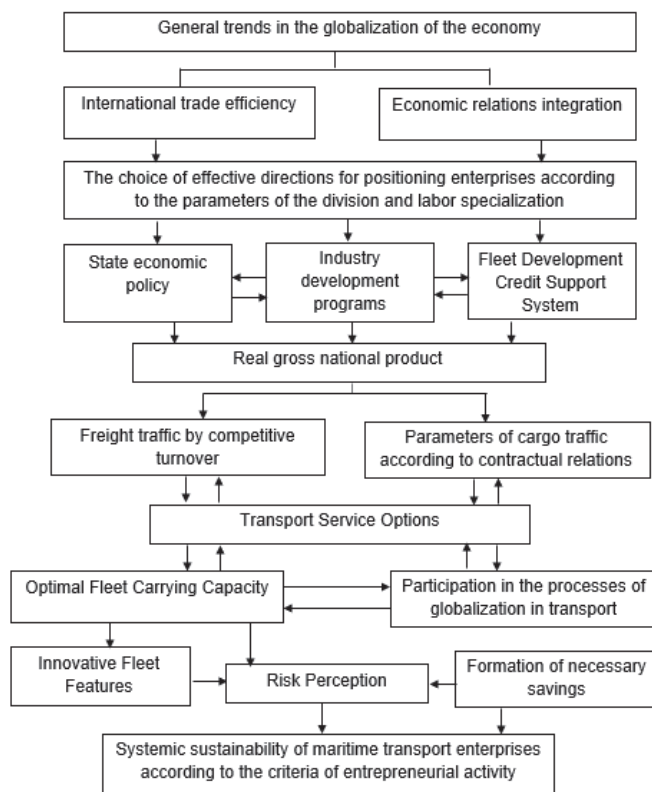


Figure 1. Information-logical model for making managerial decisions in unstable conditions when the state's transport system enters the global economy.

It should be recognized that the main problem in the development of a balanced maritime trade market remains the achievement of a point of stability for individual shipping companies. However, even this position does not guarantee the avoidance of various types of risks of operator and investment activities.

At the same time, the basis for the merchant shipping sustainability – the general trends in the development of international economic relations – reflect some time frames of the general pattern of formation of cargo flows.

In world economic relations, a single task is being solved – the search for effective commodity exchange strategies. But the approach to using maritime transport to solve this problem is significantly transformed depending on the totality of external conditions. It is the differentiation of sectoral development programs that has led to a tough confrontation between the world's most important exporters, China and the United States, which has affected the nature of the loss of stability in world cargo flows over the past 4 years.

The reality reflects the situation that with the modern development of market priorities, the position of individual states significantly transforms approaches to the formation of the stability of the global maritime trade market.

Therefore, it is necessary to distinguish between the objective parameters of the transport service of world economic relations and practical solutions by individual leading transport

subsystems. In this regard, the multimodal operator is forced to conduct continuous market work and the success and integrity of the transport system as a whole will depend on the effectiveness of managerial decisions made by him in conditions of uncertainty. The criterion for such work should be considered the choice of the tariff rate value below the segmental rate, which is formed by the total value of tariffs and fees of participants in transportation and transshipment of goods.

The competitiveness of intermodal rates should take into account the economic effect of reducing the delivery time of goods (). But at the same time, the transport infrastructure, losing the flow of income, stimulates the redistribution of the cargo traffic volume according to the criterion of reducing the costs of cargo owners:

$$E_R = \frac{\sum Q_i \Delta p_{ci} (t_c - t_m)}{365} \geq \Delta p_{cm} Q_m \quad 1$$

where Δp_{ci} – increment of tariff rates in the system of multimodal messages relative to segmental (i) and optimized (m);

Q – volumes of cargo transportation by alternative forms of organization: autonomous technologies (i), multimodal technologies (m);

t_c – cargo delivery time, affecting the amount of working capital diversion for the period of transportation using standard technology (s) and in accordance with new managerial decisions (m);

A certain type of price discrimination is used in the priority segment of the global maritime trade market (Shcherbina 2019). In parallel, transportation is carried out for different cargo owners both at the rates of shipping alliances and at the rates of outsiders. However, conference rates are considered the basis for pricing not only in liner shipping. Ocean shipowners-outsiders enjoy competitive rates with the provision of certain discounts. Only if the quality of delivery in the linear service is equal can outsiders apply a kind of monopoly tariff without exceptions.

A variety of transportation conditions require significant financial reserves from the shipping company, since the shipowner bears the costs at the expense of the received freight for the period of processing ships in commercial ports. The received freight charge for the delivery of cargo, taking into account the quality of operations, should compensate for both direct functional costs and the costs associated with the processing of cargo flows at the terminals. Loading and unloading operations for container transportation are allocated from the linear rate to a special fee for loading / unloading a container. It includes payment for the entire range of operations with the container at the departure terminal before placing the TEU on the container ship and vice versa. However, the problem of pricing, especially when using multimodal technologies, has not been resolved from the standpoint of the interests of both transport structures and cargo owners, which was repeatedly noted when analyzing the work of the Ukrainian shipping company “Ukrferry”.

A special place in the system of balanced functioning of merchant shipping in the EU countries, along with the management of the technical and economic level, is occupied by administration aimed at ensuring the reliability of navigation in international and domestic transport communications in any conditions. It is in such unstable conditions that the importance and priority of making effective managerial decisions becomes obvious. At the same time, such standardization becomes the basis for the uneven distribution of the transport fleet across the countries of the region due to the increase in capital and current costs for the maintenance of ships according to the safety and environmental criteria adopted in accordance with the current

standards. Therefore, it is important to form a coherent scientific paradigm of sustainable development in a system of severe limitation of national interests by international regulatory principles.

There are problems for sustainable expansion of the position and for well-known brands of transport services for the cargo flows of international trade. Integration becomes a pattern of priority positioning, for example, the Hamburg Port and Logistics Joint Stock Company (HAALA) owns and uses the potential of container terminals and railway lines serving the cargo flows of Central Europe. Taking into account managerial priorities, a container terminal project was implemented in the port of Odessa. The company seeks to develop cooperation with Ukrainian transport companies. Unfortunately, now the work has been “paused” due to the military situation in the country, the ports have serious restrictions and actually operate only within the framework of the “grain deal”.

Perhaps the noted optimizes the need to expand transshipment as an element that enhances the functions of using large-capacity container ships. This type of navigation can significantly increase the emergent effect of using the resources of traditional land routes. The estuarine seaports of West Germany form cargo flows along the rivers, and Ukraine in this aspect should, as soon as possible, intensify consideration of participation in the E-40 project and take appropriate management decisions in this regard.

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3. The problem of the risk variety as a special pattern of counteracting the stability of merchant shipping refers to standard predictable situations. This approach confirmed the feasibility of an integration solution to the problems of sustainability of merchant shipping.

At the same time, in some cases, the main problem is not the magnitude of direct commercial losses. Their characteristics are predetermined by the level of unreliability in making managerial decisions. The problem remains insufficient attention to the consideration of the parameters of the overall security of the merchant shipping region.

In fact, the negative attitude towards the merchant fleet segment in the initial period of Ukraine’s formation as a free operator in international trade predetermined the loss of several billion dollars annually. This situation is a consequence, on the one hand, of the position of the state in the period of economic transformation, on the other hand, the lack of a clear managerial position in the formation of enterprises of various forms of ownership and in various segments of the national economy.

Therefore, for the sustainability of shipping companies, their composition of the fleet should be more diverse in structure, if the company is not included in the system of transnational corporations. This is actually illustrated by ferry services – a special type of local segment of “sea transport roads” (Klimek 2018). It suffices to consider the sustainability of the regular ferry lines connecting Britain and Ireland to the Continent. The ferry in the Messianic Strait, as well as between Marseille and Corsica, is very busy. Many ferries run between the islands of Greece. A special place is occupied by ferry shipping between Greece and Italy.

Operator shipping companies, competing with each other, choose the most efficient options for operating their own and operated fleet. The acquisition of new vessels is based on a comparison of critical parameters and design advantages that affect productivity, operating costs and handling patterns in commercial ports.

Therefore, there are tasks of improving methods for assessing and justifying innovative and managerial decisions, as evidenced by a number of publications (Solokha D. 2018).

In this aspect, the decision on the choice of a classification society is of fundamental importance. The operation of the fleet under the class of the register of world classification societies greatly simplifies maintenance on route. There are representative offices of the leading classification organizations in ports with intensive ship traffic. Traditionally, there are permanent agreements between IACS members, so there is no loss of time due to waiting for the arrival of a specialist from the flag country. With the reduction of vessel demurrage in ports and shipyards, the financial losses of shipowners and operators are reduced.

NOTES

The instability of managerial decisions in the merchant shipping system is associated with a wide range of problems and can be illustrated in different areas of activity of various segments. First of all, in order to increase the efficiency of cargo transportation and the stability of the segment, leading shipping companies are increasing the share of specialized fleets. This managerial approach allows us to concentrate our financial, technological and other capabilities at one point and thus increase the efficiency of this system segment of merchant shipping.

An effective managerial approach can be called a strategy to increase the efficiency and reliability of transport services for EU cargo flows, which has been developed and is being implemented through the program for the expansion of coastal maritime shipping (short sea shipping). Its structure provides for increasing the efficiency of servicing the small-tonnage fleet in ports, improving the service system for this shipping and expanding the scope of its activities in the Baltic, Mediterranean and Black Seas.

The concentration of the fleet and the choice of an adequate approach to assessing the system of decisions can be called a modern managerial approach, while in merchant shipping, operator strategies in the system of the global maritime trade market are of fundamental importance.

However, common to all these approaches is the instability of the environment in which decisions have to be made, the impact of various aggressive factors, and the speed of decision-making. For the modern economy, and in particular merchant shipping as a system, these factors are serious deterrents for development.

This approach to considering the instability of managerial decision-making in the merchant fleet system can be used in the training course for Master of Science of maritime specialties (ship engineers, navigators) "Economics of Shipping", as part of providing an idea of the environment for making managerial decisions in maritime transport, a criteria approach to sustainability functioning of the freight market.

Also, the presented materials can be used as part of the specialized training of the PhD level in the educational and scientific program Management of the Maritime Industry.

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